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# Unmasking Microsoft's innovation scam

**Microsoft argues that integrating new features such as MediaPlayer into its operating system is innovation. That's untrue - and should be illegal.**

**BY MARTIN GOETZ**

(November 08, 2001) *Should Microsoft's integration strategy be considered illegal? Join the discussion in Computerworld's [Operating Systems Forum](#) to discuss the issues with your peers.*

Now that Microsoft Corp. and the U.S. Department of Justice have reached an out-of-court settlement that won't restrict the vendor from bundling applications with its operating systems, Microsoft thinks the world should cheer now that it can "freely innovate." What could be more un-American than stopping a company from its inalienable right to innovate?

The Justice Department says it will impose restraints on Microsoft that "will open the operating system to competition." But the issue isn't operating system competition. It is the illegal bundling of new functions that shouldn't be part of anyone's operating system.

## Integration Isn't Innovation

In 1998, well before it made that same argument in court, Microsoft began its public relations effort to try to convince the world that its "integration" of new Windows functions was critical to its ability to innovate. To the public, and probably to a vast number of computer professionals, it didn't seem such an outlandish claim. But it really was.

When this claim is examined more closely in terms of what it takes to build, maintain and improve software systems, one can only conclude that Microsoft is trying to pull the wool over the world's eyes.

The desire to innovate in software systems hasn't changed since I started programming in 1954. The concept of developing new versions of software systems, including operating systems like DOS, VMS and Windows, with new features and functions has been with us for at least 40 years. When IBM unbundled its software in 1970 and created a competitive environment, innovation became more important, because adding features to a software system improved its marketability. Tie-ins have been illegal since the end of the 19th century, when the Sherman Act antitrust laws were written. The question of the legality of software tie-ins was raised back in the 1960s in several suits against IBM, which

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included lawsuits filed by the Justice Department and Applied Data Research.

Microsoft apparently wants to change the antitrust tie-in laws by convincing the world that the ability of its staffers to innovate would be limited if they couldn't integrate freely and without restraint.

What nonsense.

"Integration," as the word is used by Microsoft, means "tie-in" to the rest of the world.

### PR Pitch Falls Short

Microsoft's "innovation through integration" public relations effort began with Bill Gates' unveiling of Windows 98 in April 1998, when he discussed a Microsoft white paper entitled "Integration, Innovation and the PC." Microsoft stated in the paper that the integration of new features and services in Windows 98 would benefit both consumers and independent developers. At about the same time, Microsoft announced its "Freedom to Innovate Network" Web site as an ongoing method of communicating to the public. It included statements made by elected federal and state officials who supported Microsoft's right to innovate. The site also contained Microsoft's latest legal briefs, as well as propaganda aimed at showing that the government's case against the company had no merit. The thrust of the message was that the government, should it win the case, would restrict Microsoft's freedom (or ability) to innovate.

Just about everyone recognizes that "Freedom to Innovate" is synonymous with motherhood and apple pie. We're all for it; enough said. But what about illegal tie-ins, monopolization, unfair competition and freedom of choice? Where do those subjects fit into the equation? And is it an axiom that you need integration to innovate? The facts prove just the opposite. Integration not only has zero correlation with innovation, but it also actually discourages it.

In the antitrust trial, Microsoft's main defense witness, James Allchin, testified that the company's deep integration of Internet technologies into Windows 98 was a natural step in the evolution of operating systems. The District Court, as well as the appeals court, didn't buy his argument.

It's no accident that the eight appellate judges stated twice in their briefs that Microsoft failed to show the benefits of integrating. The court said, "Although Microsoft does make some general claims regarding the benefits of integrating the browser and the operating system, it neither specifies nor substantiates those claims." The judges added that "Microsoft failed to meet the burden of showing its conduct [in integrating functions into its operating systems] serves a purpose other than protecting its operating system monopoly."

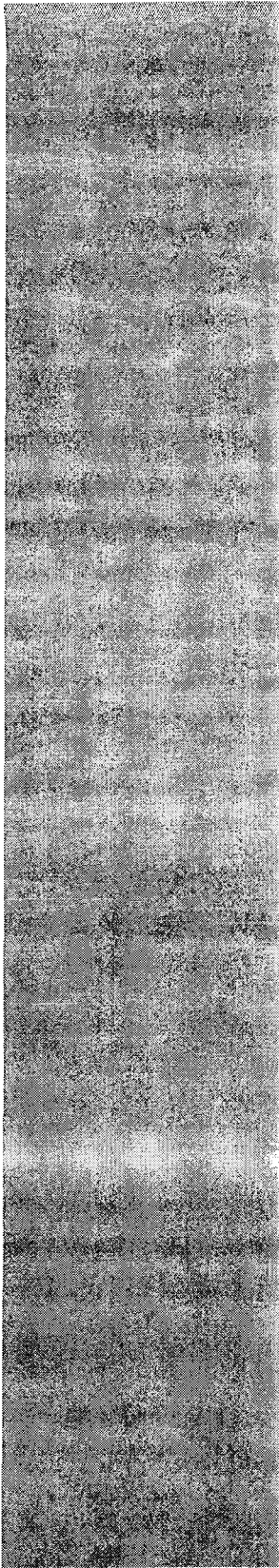
Clearly, it's no oversight or accident that Microsoft's expensive law firm and technical staff didn't make strong arguments before both courts.

### The Integration Option

The real question that the courts would have had to decide if the trial continued was: Could Microsoft develop new functions (or innovate) only through integration, or could those be developed just as well using interfaces? New functions can be implemented either way, but they should be implemented through interfaces. Here's why:

- Software engineering principles state that functions should be isolated and made as independent as possible so they can be

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systematically debugged and changed. Changes are always required to accommodate new user requirements, new hardware or operating system requirements and for ongoing maintenance for correcting errors after programs are operational.

- Tight integration just creates larger and larger programs, which over time become unmanageable. The design, programming, testing and maintenance of these larger programs becomes more complex, expensive and time-consuming.
- It's desirable to design new functions so that they can operate in several environments -- for example, with different versions of Windows 9x or NT or other operating systems. Tightly integrated programs don't allow for cross-platform use. Lastly, it's easier to release new versions of a program when it isn't tightly integrated with another program. For instance, new versions of Microsoft's Windows and Internet Explorer could be developed and released independently if they just interfaced with each other.

Clearly, in the case of Windows 98, the tight integration with the Internet Explorer browser produced no technical innovation. This is obvious because the functions of the Windows 98 Internet Explorer browser that was tightly integrated with Windows 98 were identical to the functions of the Internet Explorer 4.0 browser that bundled with Windows NT, 95 and 3.1; the Macintosh systems; and the Solaris operating systems.

Under the law, tie-ins are illegal. Bill Gates' statement that Microsoft should be able to put "anything under the sun into its operating system " should be challenged in court. One can only hope that the nine states that are opposed to the proposed settlement, as well as the European Commission, will pick up the gauntlet that the Justice Department has dropped.

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